

## 1 HOUSE BILL NO. 492

2 INTRODUCED BY HEDGES

3 BY REQUEST OF THE HOUSE JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND CLARIFYING THE FUNDING FOR CULTURAL  
6 AND AESTHETIC PROJECTS; REVISING THE ALLOCATION OF THE LODGING FACILITY USE TAX;  
7 PROVIDING FOR AN ALLOCATION OF LODGING FACILITY USE TAX REVENUE TO THE CULTURAL AND  
8 AESTHETIC PROJECTS ACCOUNT; PROVIDING FOR THE USE OF MONEY DEPOSITED IN THE ACCOUNT  
9 FOR CULTURAL AND AESTHETIC PROJECT GRANTS AND THE ~~ADMINISTRATIVE EXPENSES~~ OTHER  
10 PROGRAMS OF THE MONTANA ARTS COUNCIL; AMENDING SECTIONS 15-35-108, 15-65-121, 22-2-304,  
11 AND 22-2-305, MCA; AND PROVIDING AN ~~IMMEDIATE~~ EFFECTIVE DATE."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14  
15 **Section 1.** Section 15-35-108, MCA, is amended to read:

16 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter  
17 must, in accordance with the provisions of 15-1-501, be allocated as follows:

18 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article  
19 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
20 17-6-203(6) and invested by the board of investments as provided by law.

21 (2) For the fiscal year ending June 30, 2003, the amount of 10% and for fiscal years beginning on or  
22 after July 1, 2003, the amount of 12% of coal severance tax collections is allocated to the long-range building  
23 program account established in 17-7-205.

24 (3) For the fiscal year ending June 30, 2003, the amount of 6.01% and for fiscal years beginning on or  
25 after July 1, 2003, the amount of 7.75% must be credited to an account in the state special revenue fund to be  
26 allocated by the legislature for local impacts, provision of basic library services for the residents of all counties  
27 through library federations and for payment of the costs of participating in regional and national networking,  
28 conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be  
29 made only from this account. Money may not be transferred from this account to another account other than the  
30 general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

1 (4) For fiscal years beginning on or after July 1, 2003, the amount of 1.27% must be allocated to a  
2 permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund  
3 account, excluding unrealized gains and losses, must be appropriated for the acquisition, development,  
4 operation, and maintenance of any sites and areas described in 23-1-102.

5 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
6 resource loan debt service fund.

7 (6) For fiscal years beginning on or after July 1, 2003, the amount of 0.63% must be allocated to a trust  
8 fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects.  
9 Income from this trust fund, excluding unrealized gains and losses, must be deposited in the cultural and  
10 aesthetic projects account provided for in 22-2-305, and money in the account must be appropriated for  
11 protection of works of art in the state capitol and for other cultural and aesthetic projects.

12 (7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under  
13 the provisions of this chapter must be credited to the general fund of the state.

14 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited  
15 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

16 (i) \$65,000 to the cooperative development center;

17 (ii) for the fiscal year beginning July 1, 2001, \$1.25 million, for the fiscal year beginning July 1, 2002,  
18 \$925,000, and for fiscal years beginning on or after July 1, 2003, \$1.25 million for the growth through agriculture  
19 program provided for in Title 90, chapter 9;

20 (iii) to the department of commerce:

21 (A) \$125,000 for a small business development center;

22 (B) \$50,000 for a small business innovative research program;

23 (C) except for the fiscal year beginning July 1, 2002, \$425,000 for certified communities;

24 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

25 and

26 (E) \$300,000 for export trade enhancement;

27 (iv) \$175,000 to the office of economic development for business recruitment and retention; and

28 (v) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing  
29 industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional  
30 basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the

1 department of revenue. This documentation must be provided to the budget director and to the legislative fiscal  
2 analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the  
3 bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner  
4 of property within the district.

5 (c) For the fiscal year beginning July 1, 2001, there is transferred from the interest income referred to  
6 in subsection (7)(b) \$4.85 million to the research and commercialization state special revenue account created  
7 in 90-3-1002. For the fiscal year beginning July 1, 2002, there is transferred from the interest income referred  
8 to in subsection (7)(b) \$3.165 million to the research and commercialization state special revenue account  
9 created in 90-3-1002. Beginning July 1, 2003, there is transferred annually from the interest income referred to  
10 in subsection (7)(b) \$3.65 million to the research and commercialization state special revenue account created  
11 in 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000; sec. 8(1), Ch. 12, Sp. L. August  
12 2002.)

13 **15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under  
14 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

15 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article  
16 IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
17 17-6-203(6) and invested by the board of investments as provided by law.

18 (2) Twelve percent of coal severance tax collections is allocated to the long-range building program  
19 account established in 17-7-205.

20 (3) The amount of 7.75% must be credited to an account in the state special revenue fund to be  
21 allocated by the legislature for local impacts, provision of basic library services for the residents of all counties  
22 through library federations and for payment of the costs of participating in regional and national networking,  
23 conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be  
24 made only from this account. Money may not be transferred from this account to another account other than the  
25 general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

26 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
27 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
28 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
29 described in 23-1-102.

30 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable

1 resource loan debt service fund.

2 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
3 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
4 unrealized gains and losses, must be deposited in the cultural and aesthetic projects account provided for in  
5 22-2-305, and money in the account must be appropriated for protection of works of art in the state capitol and  
6 for other cultural and aesthetic projects.

7 (7) All other revenue from severance taxes collected under the provisions of this chapter must be  
8 credited to the general fund of the state."

9

10 **Section 2.** Section 15-65-121, MCA, is amended to read:

11 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by  
12 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special  
13 revenue fund to the credit of the department. The department may spend from that account in accordance with  
14 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
15 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
16 15-1-501 and as provided in subsections (1)(a) through ~~(1)(e)~~ (1)(f) of this section, the department shall  
17 determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of  
18 that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in  
19 the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of \$400,000  
20 each year must be deposited in the Montana heritage preservation and development account provided for in  
21 22-3-1004. ~~For the fiscal year ending June 30, 2003, the amount of \$1.7 million must be deposited in the state~~  
22 ~~general fund.~~ The balance of the tax proceeds received each reporting period and not deducted pursuant to the  
23 expenditure appropriation, deposited in the fund or funds from which in-state lodging expenditures were paid  
24 by state agencies, or deposited in the heritage preservation and development account is statutorily appropriated,  
25 as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit  
26 of the department of commerce for tourism promotion and promotion of the state as a location for the production  
27 of motion pictures and television commercials, to the Montana historical society, to the university system, ~~and~~  
28 to the department of fish, wildlife, and parks, and to the Montana arts council as follows:

29 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside  
30 historical signs and historic sites;

1 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research  
2 program;

3 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that  
4 have both resident and nonresident use;

5 (d) 2.65% to the cultural and aesthetic projects account provided for in 22-2-305;

6 ~~(d)(e) 67.5%~~ 64.85% to be used directly by the department of commerce, except as provided in section  
7 1, Chapter 11, Special Laws of August 2002; and

8 ~~(e)(f)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(f)(ii), 22.5% to be distributed by the department  
9 to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total  
10 proceeds collected statewide; and

11 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort  
12 area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
13 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
14 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated  
15 city-county, resort area, or resort area district.

16 (2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for  
17 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an  
18 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit  
19 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district  
20 is located.

21 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing  
22 plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation  
23 may be used by the department of commerce for tourism promotion and promotion of the state as a location for  
24 the production of motion pictures and television commercials. (Terminates July 1, 2007--sec. 3, Ch. 469, L.  
25 2001.)

26 **15-65-121. (Effective July 1, 2007) Distribution of tax proceeds.** (1) The proceeds of the tax imposed  
27 by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state  
28 special revenue fund to the credit of the department. The department may spend from that account in  
29 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting  
30 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the

1 provisions of 15-1-501 and as provided in subsections (1)(a) through ~~(1)(e)~~ (1)(f) of this section, the department  
 2 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%  
 3 of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited  
 4 in the fund or funds from which in-state lodging expenditures were paid by state agencies. The balance of the  
 5 tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or  
 6 deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies is statutorily  
 7 appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund  
 8 to the credit of the department of commerce for tourism promotion and promotion of the state as a location for  
 9 the production of motion pictures and television commercials, to the Montana historical society, to the university  
 10 system, ~~and~~ to the department of fish, wildlife, and parks, and to the Montana arts council as follows:

11 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside  
 12 historical signs and historic sites;

13 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research  
 14 program;

15 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that  
 16 have both resident and nonresident use;

17 (d) 2.65% to the cultural and aesthetic projects account provided for in 22-2-305;

18 ~~(d)(e)~~ 64.85% to be used directly by the department of commerce; and

19 ~~(e)(f)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(f)(ii), 22.5% to be distributed by the department  
 20 to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total  
 21 proceeds collected statewide; and

22 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort  
 23 area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
 24 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
 25 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated  
 26 city-county, resort area, or resort area district.

27 (2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for  
 28 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an  
 29 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit  
 30 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district

1 is located.

2 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing  
3 plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation  
4 may be used by the department of commerce for tourism promotion and promotion of the state as a location for  
5 the production of motion pictures and television commercials."

6

7 **Section 3.** Section 22-2-304, MCA, is amended to read:

8 **"22-2-304. Cultural and aesthetic project appropriations -- administration.** (1) The legislature must  
9 appropriate funds from the ~~income of the trust fund created in 15-35-108~~ cultural and aesthetic projects account  
10 for cultural and aesthetic projects before any grant for a cultural or aesthetic project is awarded.

11 (2) Costs incurred by the Montana arts council for accounting, correspondence, project visits, and  
12 solicitation of proposals related to cultural and aesthetic project grants and the costs of the advisory committee  
13 established in 2-15-1521 ~~shall~~ must be paid from appropriations from the ~~income of the trust fund~~ cultural and  
14 aesthetic projects account. The Montana arts council may use up to 22% of the amount received pursuant to  
15 15-65-121 for ~~administrative expenses~~ MONTANA ARTS COUNCIL PROGRAMS. The remainder of the amount  
16 received pursuant to 15-65-121 must be used for CULTURAL AND AESTHETIC grants.

17 (3) Grant proposals ~~are~~ must be heard by a legislative appropriations subcommittee.

18 (4) Grant proposals approved by the legislature are administered by the Montana arts council."

19

20 **Section 4.** Section 22-2-305, MCA, is amended to read:

21 **"22-2-305. Allocation and disbursement of funds.** (1) There is a cultural and aesthetic projects  
22 account in the state special revenue fund. Money is deposited in the account pursuant to 15-35-108 and  
23 15-65-121. The Montana arts council shall allocate and disburse cultural and aesthetic project account funds  
24 as appropriated by the legislature.

25 (2) If the funds in the cultural and aesthetic projects account are insufficient to fund projects in the  
26 amount of the legislative appropriation for the projects, the council shall allocate and disburse the account's  
27 funds in accordance with the provisions of the appropriation act."

28

29 NEW SECTION. **Section 5. Effective date.** [This act] is effective ~~on passage and approval~~ JULY 1,  
30 2003.

31

- END -